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***ECONOMIC
INVESTMENT
TRUST
LIMITED***

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Forty-first
ANNUAL REPORT
December 31, 1967

Board of Directors

A. BRUCE MATTHEWS, C.B.E., D.S.O.
Chairman of the Board
Chairman, The Excelsior Life Insurance Co.

R. C. BERKINSHAW, C.B.E., LL.D.
Director
The Goodyear Tire & Rubber
Co. of Canada Ltd.

FREDERICK W. P. JONES
Professor
School of Business Administration
University of Western Ontario

GRAHAM MORROW, O.B.E.
Director
Imperial Life Assurance
Co. of Canada

H. N. R. JACKMAN
Director
Dominion and Anglo
Investment Corporation

LAWRENCE W. SKEY, D.F.C.
Director and Treasurer
Scudder International
Investments Ltd.

Officers

A. BRUCE MATTHEWS
Chairman

LAWRENCE W. SKEY
Managing Director

ROBERT W. INGLIS, C.A.
Secretary-Treasurer

Head Office.....44 KING STREET WEST, TORONTO, ONTARIO
Shares Listed.....TORONTO STOCK EXCHANGE
Bankers.....CANADIAN IMPERIAL BANK OF COMMERCE
Auditors.....CLARKSON, GORDON & CO.
Transfer Agent and Registrar.....CANADA PERMANENT TRUST COMPANY

DIRECTORS' REPORT TO THE SHAREHOLDERS

To be presented at the Forty-first Annual Meeting to be held on March 6, 1968

EARNINGS AND DIVIDENDS

Net income for the year 1967 reached a record figure of \$788,772. After payment of preferred dividends of \$248,690, net profit available for the common shareholders amounted to \$540,082 or 52¢ per share compared with 47¢ in 1966. The increased earnings permitted an increase in the quarterly dividend rate from 8¢ to 10¢ per share for the last quarter of 1967 together with an increase in the year-end extra dividend, also from 8¢ to 10¢ per share. The total common dividend for 1967 thus amounted to 44¢ per share compared with 40¢ in 1966. Common shareholders have already been advised that payment of the large year-end extra resulted from non-recurring dividend receipts that may not be repeated in 1968.

NET ASSET VALUE

During 1967 the net asset value of the common shares increased by 24.9%, from \$13.91 per share at December 31, 1966 to \$17.38 at the close of 1967.

A comparison with the Toronto Stock Exchange industrial index is set out below:

Annual increase or (decrease)

	T.S.E.	Economic
December 31, 1967	9.9%	24.9%
1966	(12.4)	(13.7)
1965	1.6	5.7

The Trust's investment portfolio is set out on pages 8 to 10 of this report. At December 31, 1967 over 98% of the Company's net assets was invested in common and convertible preferred shares or cash. Your Board of Directors expects to continue to place emphasis on equity securities.

OUTLOOK FOR 1968

The efforts being made by our Federal Government to reduce spending should have the effect of easing the upward pressures on interest rates which reached the highest level in forty years during 1967. Any reduction that is achieved, together with the moderate increases in taxes recently imposed, may well have a restraining effect on the Canadian economy during 1968 and a similar effect on any increase in the Gross National Product.

Steps now being taken in the United States, together with other proposed measures designed to reduce its balance of payments deficit, will also affect Canadian economic trends. Your

Directors therefore expect a year of continued expansion in North America but at a rate slower than that experienced in the early 1960's.

RETIREMENT OF PREFERRED SHARES

During 1967, 2,315 5% preferred shares, Series "A" were purchased at a discount on the Toronto Stock Exchange. The shares were subsequently cancelled. It is the intention of your Board to maintain a bid for additional preferred shares on the Toronto Stock Exchange.

As required by the Canada Corporations Act, an appropriation from earned surplus of \$102,660, representing the cost of the shares redeemed, has been transferred to capital surplus account. When the redeemed shares have been cancelled by supplementary letters patent, the appropriations will be restored to earned surplus.

SAVINGS AND RETIREMENT PLANS

Your Directors again wish to call attention to the Trust's Dividend Reinvestment Plan, under which common shareholders may add to their investment at regular intervals.

Also available is the Economic Investment Trust Retirement Savings Plan, approved by the Department of National Revenue. The value of either preferred or common shares of the Trust deposited with the Trustee for the Plan is deductible from an individual's taxable income. Payments into a Plan on account of the 1967 taxation year can be made until February 29, 1968.

Further information regarding the above plans is available at the Head Office of the Trust. In August, 1967, the Head Office was moved from the Board of Trade Building, 11 Adelaide Street West, to the Bank of Nova Scotia Building, Suite 2201, 44 King Street West, Toronto 1, Canada.

DIRECTORS

Directors retiring at the forthcoming Annual Meeting in accordance with the By-laws are Professor F. W. P. Jones and Messrs. Graham Morrow and L. W. Skey. They are eligible for re-election.

On behalf of the Board.

A. BRUCE MATTHEWS,
Chairman.

Toronto, Canada
February 12, 1968.

ECONOMIC INVESTMENT TRUST LIMITED

(Incorporated under the laws of Canada)

BALANCE SHEET

December 31, 1967

(with comparative figures at December 31, 1966)

ASSETS		1967	1966
Cash, including short-term deposit receipts		\$ 1,120,597	
Investments at market values		22,226,227	\$19,663,200
(Cost—1967—\$15,862,818; 1966—\$15,939,418)			
Due from brokers for securities sold		2,261	42,924
		<u>\$23,349,085</u>	<u>\$19,706,124</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities:			
Due to bank			\$ 67,897
Due to brokers for securities purchased	\$	267,268	16,866
Accounts payable and accrued charges		1,806	3,144
Income taxes payable		3,914	5,111
		<u>272,988</u>	<u>93,018</u>
Shareholders' equity:			
Share Capital —			
Authorized:			
197,685 preferred shares of \$50 par value			
(exclusive of 2,315 shares redeemed)			
2,500,000 common shares of no par value			
Issued:			
97,685 5% cumulative preferred shares Series A,			
redeemable at \$52.50		4,884,250	5,000,000
(1966—100,000 shares) (note)			
1,032,940 common shares		4,116,691	4,116,691
Surplus —			
Contributed surplus		572,669	559,579
Capital surplus arising under Section 61 of the Canada			
Corporations Act		102,660	
Earned surplus		423,569	440,641
Accumulated surplus on sale of investments		6,612,849	5,772,413
Unrealized appreciation of investments		6,363,409	3,723,782
Total shareholders' equity		<u>23,076,097</u>	<u>19,613,106</u>
		<u>\$23,349,085</u>	<u>\$19,706,124</u>

On behalf of the Board:

A. BRUCE MATTHEWS, Director

LAWRENCE W. SKEY, Director

STATEMENTS OF REVENUE AND EXPENSES AND EARNED SURPLUS

REVENUE AND EXPENSES

EARNED SURPLUS

(5)

ECONOMIC INVESTMENT TRUST LIMITED

STATEMENTS OF CONTRIBUTED SURPLUS, CAPITAL SURPLUS, ACCUMULATED SURPLUS ON SALE OF INVESTMENTS, AND UNREALIZED APPRECIATION OF INVESTMENTS

For the year ended December 31, 1967
(with comparative figures for the year 1966)

CONTRIBUTED SURPLUS

	1967	1966
Balance at beginning of year	\$ 559,579	\$ 559,579
Add excess of par value of preferred shares redeemed over repurchase price thereof	13,090	
Balance at end of year	<u>\$ 572,669</u>	<u>\$ 559,579</u>

CAPITAL SURPLUS

Balance at beginning of year	Nil
Add appropriation of earned surplus on the redemption of preferred shares in accordance with Section 61 of the Canada Corpora- tions Act	\$ 102,660
Balance at end of year	<u>\$ 102,660</u>

ACCUMULATED SURPLUS ON SALE OF INVESTMENTS

Balance at beginning of year	\$ 5,772,413	\$ 5,366,515
Net surplus on securities sold	840,436	405,898
Balance at end of year	<u>\$ 6,612,849</u>	<u>\$ 5,772,413</u>

UNREALIZED APPRECIATION OF INVESTMENTS

Balance at beginning of year	\$ 3,723,782	\$ 6,488,355
Net increase or (decrease) for year	2,639,627	(2,764,573)
Balance at end of year	<u>\$ 6,363,409</u>	<u>\$ 3,723,782</u>

ECONOMIC INVESTMENT TRUST LIMITED

STATEMENT OF CHANGES IN NET ASSETS

For the year ended December 31, 1967
(with comparative figures for the year 1966)

	1967	1966
Net assets at beginning of year	\$19,613,106	\$21,897,735
Additions:		
Net surplus on investments sold	840,436	405,898
(proceeds of sales—1967, \$5,835,158; 1966, \$3,705,185)		
Increase (decrease) in unrealized appreciation of investments	2,639,627	(2,764,573)
Net profit for year	788,772	737,222
	<u>4,268,835</u>	<u>(1,621,453)</u>
Deductions:		
Cost of 2,315 preferred shares redeemed	102,660	
Dividends paid—on preferred shares	248,690	250,000
—on common shares	454,494	413,176
	<u>805,844</u>	<u>663,176</u>
Net increase (decrease) for year	3,462,991	(2,284,629)
Net assets at end of year	<u>\$23,076,097</u>	<u>\$19,613,106</u>

NOTE TO FINANCIAL STATEMENTS

December 31, 1967

During the year the company purchased 2,315 preferred shares for redemption at a cost of \$102,660. The excess of the par value of these shares (\$115,750) over their purchase price has been credited to contributed surplus.

AUDITORS' REPORT

To the Shareholders of
Economic Investment Trust Limited:

We have examined the balance sheet of Economic Investment Trust Limited as at December 31, 1967 and the statements of revenue and expenses, contributed surplus, capital surplus, earned surplus, accumulated surplus on sale of investments, unrealized appreciation of investments and changes in net assets for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these statements present fairly the financial position of the company as at December 31, 1967 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,
January 18, 1968.

CLARKSON, GORDON & CO.,
Chartered Accountants.

ECONOMIC INVESTMENT TRUST LIMITED

PORTFOLIO AS AT DECEMBER 31, 1967

BONDS AND DEBENTURES (1.31% of net assets)

	Par Value	Market Value
General Electric Overseas Capital Corp. 4 1/4 % Convertible Bonds due December 1, 1985	\$ 200,000	\$ 226,260
Western Decalta Petroleum Ltd. 6% Sinking Fund Debentures due June 1, 1985, ex warrants	100,000	75,000
		<u>\$ 301,260</u>

COMMON AND CONVERTIBLE PREFERRED SHARES (95.01% of net assets)

	Number of Shares	Market Value
BANKS (9.66% of net assets)		
Bank of Montreal	35,000	\$ 393,750
Bank of Nova Scotia	35,000	494,375
Canadian Imperial Bank of Commerce	27,500	385,000
Royal Bank of Canada	28,500	445,312
Toronto-Dominion Bank	37,500	510,937
		<u>\$ 2,229,374</u>

ENTERTAINMENT (5.77% of net assets)

Famous Players Canadian Corp. Ltd.	13,000	\$ 539,500
Maple Leaf Gardens Ltd.	11,735	396,056
Standard Radio Ltd.	10,000	395,000
		<u>\$ 1,330,556</u>

FINANCIAL (6.44% of net assets)

Argus Corporation Ltd. Class "C" Participating Pref.	35,000	\$ 301,875
Canada Permanent Mortgage Corp.	17,000	180,625
Canadian Pacific Investments Ltd. 4 3/4 % Series "A" Conv. Pref.	9,475	226,215
Dominion of Canada General Insurance Co.	8,000	600,000
Glens Falls Insurance Co.	4,000	177,120
		<u>\$ 1,485,835</u>

FOOD, BEVERAGE AND TOBACCO (10.78% of net assets)

Bright & Co. Ltd., T. G.	5,000	\$ 342,500
Distillers Corp.-Seagrams Ltd.	16,000	632,000
Federal Grain Ltd.	50,000	350,000
General Bakeries Ltd.	25,000	150,000
Rothmans of Pall Mall Canada Ltd.	20,000	520,000
Walker-Gooderham & Worts Ltd., Hiram	15,000	493,125
		<u>\$ 2,487,625</u>

COMMON STOCKS (Continued)

	Number of Shares	Market Value
GENERAL MANUFACTURING (5.81% of net assets)		
Avco Corporation	4,000	\$ 280,800
Corning Glass Works	500	186,300
Hand Chemical Industries Ltd. Cum. Conv. Class "A"	8,000	60,000
International Business Machines Corporation	1,200	812,592
		<u>\$ 1,339,692</u>
HEAVY INDUSTRY (6.32% of net assets)		
Algoma Steel Corp. Ltd.	14,000	257,250
Babcock & Wilcox Co.	5,000	253,125
Dominion Foundries & Steel Ltd.	20,000	385,000
Slater Steel Industries Limited	25,000	259,375
Steel Co. of Canada Ltd.	15,000	303,750
		<u>\$ 1,458,500</u>
METALS AND MINING (14.75% of net assets)		
Asbestos Corporation Ltd.	5,000	\$ 95,625
Denison Mines Ltd.	12,000	990,000
Dome Mines Ltd.	4,000	245,000
Hollinger Consolidated Gold Mines Ltd.	30,000	855,000
International Nickel Co. of Canada Ltd.	8,000	1,008,000
Queмонт Mining Corp. Ltd.	25,000	210,000
		<u>\$ 3,403,625</u>
PAPER AND FOREST PRODUCTS (3.57% of net assets)		
Abitibi Paper Co. Ltd.	40,000	\$ 325,000
Columbia Cellulose Co. Ltd. \$1.20 Conv. Pref.	3,425	45,809
MacLaren Power & Paper Co., Class "B"	6,000	100,500
MacMillan, Bloedel Ltd.	15,000	352,500
		<u>\$ 823,809</u>
PETROLEUM AND PIPELINES (9.27% of net assets)		
British-American Oil Co. Ltd.	15,000	\$ 570,000
Interprovincial Pipe Line Co.	35,000	756,875
Standard Oil Co. (N.J.)	2,000	145,800
Supertest Petroleum Corp. Ltd., ordinary	10,000	275,000
Trans-Canada Pipelines Ltd.	4,000	111,000
Trans Mountain Oil Pipe Line Co.	15,000	281,250
		<u>\$ 2,139,925</u>
PRINTING AND PUBLISHING (6.47% of net assets)		
British American Bank Note Co. Ltd.	4,375	\$ 306,250
Moore Corporation Ltd.	24,000	702,000
Southam Press Limited	10,500	485,625
		<u>\$ 1,493,875</u>

COMMON STOCKS (Continued)

	Number of Shares	Market Value
PUBLIC UTILITIES (10.68% of net assets)		
British Columbia Telephone Company	12,000	\$ 637,500
Consumers' Gas Co.	33,000	660,000
Great Lakes Power Corp. Limited	15,000	283,125
International Utilities Corporation	10,000	423,750
Union Gas Co. of Canada Ltd.	30,000	461,250
		<u>\$ 2,465,625</u>
TRANSPORTATION (4.49% of net assets)		
Canadian Pacific Railway Co.	10,000	\$ 585,000
The Overland Express Limited, 60¢ Cum. Conv. Pref.	10,000	115,000
Pennsylvania Railroad Co.	5,000	335,475
		<u>\$ 1,035,475</u>
MISCELLANEOUS (1.00% of net assets)		
Canadian Equity and Development Co. Ltd.	20,000	\$ 130,000
Sundry Securities		101,051
		<u>\$ 231,051</u>
TOTAL COMMON AND CONVERTIBLE PREFERRED SHARES		<u>\$21,924,967</u>

SUMMARY

	Market Value	% of Net Assets
Bonds and debentures	\$ 301,260	1.31%
Common and convertible preferred shares	21,924,967	95.01
Cash and cash items (net)	849,870	3.68
Total net assets	<u>\$23,076,097</u>	<u>100.00%</u>

ECONOMIC INVESTMENT TRUST LIMITED

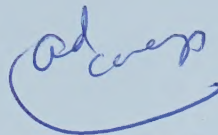
Forty-Year Financial Summary

Year Ending March 31	Gross Income	Bond and Debenture Interest	Expenses	Income Taxes	Net Income	Total Net Assets	Funded Debt and Preferred Shares†	Available for Common Shares	Common Shares* Outstanding	Asset Value per Common Share*
1928	\$106,907	\$20,742	\$24,968	\$ 1,361	\$ 59,836	\$ 1,794,643	\$1,000,000	\$ 794,643	\$ 403,125	\$ 1.97
1933	98,327	48,664	12,562	563	36,538	1,161,715	962,500	199,215	499,062	0.40
1938	157,194	48,216	16,507	3,090	89,381	2,028,005	1,000,000	1,028,005	499,062	2.06
1943	156,515	50,000	15,884	11,079	79,552	2,604,866	1,000,000	1,604,866	499,062	3.22
1948	157,877	30,000	17,823	—	110,054	3,522,969	1,000,000	2,522,969	500,000	5.05
Year Ending Dec. 31										
1953	276,684	37,500	29,782	19,500	189,902	5,197,984	1,250,000	3,947,984	625,000	6.32
1958	383,929	97,600	31,084	10,500	244,745	10,803,061	2,940,000	7,863,061	757,500	10.32
1959	398,300	97,400	34,307	16,000	250,593	11,125,566	2,920,000	8,205,566	760,000	10.72
1960	431,706	95,955	38,137	18,000	279,614	11,462,158	2,902,500	8,559,658	762,185	11.19
1961	489,840	84,910	36,670	20,000	348,260	15,222,286	2,509,500	12,712,786	969,855	13.09
1962	548,028	65,025	42,276	13,000	427,727	15,959,654	4,100,000	11,859,654	1,032,940	11.48
1963	614,170	60,000	44,780	14,000	495,390	17,633,299	4,100,000	13,533,299	1,032,940	13.10
1964	678,595	—	51,437	11,000	616,158	20,955,088	5,250,000	15,705,088	1,032,940	15.20
1965	762,143	—	50,255	8,000	703,888	21,897,735	5,250,000	16,647,735	1,032,940	16.12
1966	800,963	—	50,241	13,500	737,222	19,613,106	5,250,000	14,363,106	1,032,940	13.91
1967	858,076	—	50,304	19,000	788,772	23,076,097	5,128,462	17,947,635	1,032,940	17.38

* Adjusted for 5-for-2 split in 1951 and 5-for-1 split in 1963.

† Preferred Shares at redemption price of \$52.50 per share.

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**ECONOMIC INVESTMENT TRUST
LIMITED**

Toronto, Canada

**Report for the Six Months
Ended June 30, 1976
(unaudited)**

ECONOMIC INVESTMENT TRUST LIMITED
CONDENSED COMPARATIVE STATEMENT OF PROFIT AND LOSS

For the Six months Ended June 30

	<u>1976</u>	<u>1975</u>
Profit before income taxes	\$ 570,764	\$ 563,227
Provision for income taxes	11,800	14,000
Net profit for the period	<u>\$ 558,964</u>	<u>\$ 549,227</u>
Per preferred share	\$6.08	\$5.90
Per common share43	0.42

COMPARATIVE STATEMENT OF CHANGES IN NET ASSETS

For the Six months Ended June 30

	<u>1976</u>	<u>1975</u>
Net assets at beginning of period	\$26,585,662	\$24,135,473
Additions:		
Increase or (decrease) in unrealized appreciation of investments . . .	1,933,201	4,885,193
Net surplus on investments sold	116,884	441,020
Net profit for period	558,964	549,227
Royal Bank of Canada Income Debentures	3,000,000	—
	<u>5,609,049</u>	<u>5,875,440</u>
Deductions:		
Cost of 865 preferred shares redeemed (1976)	23,620	74,639
Dividends paid—		
On preferred shares	115,684	118,381
On common shares	206,588	206,588
	<u>345,892</u>	<u>399,608</u>
Net increase or (decrease) for period	<u>5,263,157</u>	<u>5,475,832</u>
Net assets at end of period	<u>\$31,848,819</u>	<u>\$29,611,305</u>
Net asset value per share—		
Preferred	\$314.00	\$318.00
Common	23.26	23.90

July 16, 1976

H.N.R. Jackman
Chairman

*Increase due to issue of \$3,000,000 income debentures in March, 1976.